

Consumers' education grants

July 2 is deadline for comments on Health, Education and Welfare Dept.'s Office of Education's (OE) proposal to revise regulations covering grants and contracts awarded by the Consumers' Education Program. Under this program, grants are awarded through a yearly competition among applicants. They support educational projects designed to assist consumers in developing marketplace and consumer citizen skills. Procurement contracts are awarded if OE initiates an activity through a request for proposal process.

Grants are awarded only to state and local educational agencies, institutions of higher education, and other public or nonprofit private agencies, organizations, and institutions. Procurement contracts may be awarded to all of the above plus private profitmaking agencies, organizations, and institutions.

The proposed regulations were developed to clarify and simplify current regulations.

Major proposal provisions describe project and applicant eligibility requirements and criteria to be used in selecting projects for grant awards. Also described are those activities which may be assisted under grants and those reserved for contracts. Since the regulations are technical in nature, prospective commentators should write or call OE to receive complete information on proposed changes.

Details—*Federal Register*: May 16, page 28758. CONSUMER NEWS: Dec. 15, 1975. CONSUMER REGISTER: Feb. 1 and Oct. 1, 1977. Send comments to Dustin W. Wilson Jr., Office of Consumers' Education, Office of Education, 400 Maryland Ave., SW, Washington, DC 20202; telephone 202-653-5983.

Health spas

The Federal Trade Commission's (FTC) recently released presiding officer's report on health spas indicates that FTC's record of public hearings on the issue clearly demonstrates "the presence of a persistent, nagging and widespread pattern of abuses engaged in by a wide range of spa facilities." Such abuses include high pressure sales tactics, misleading advertising, unfair cancellation notices, and failure of new spas to open—along with the closing of spas—leaving consumers holding unfulfilled contracts. As a result, the presiding officer concluded that the health spa industry should be regulated.

A previous FTC proposed rule would give consumers who sign contracts with health spas a three-day cooling-off period during which they could cancel and receive a full refund. After the cooling-off period the consumer may cancel a contract for any reason at any time; however, the spa would be permitted to retain a prorated portion of the contract fee plus five percent of the total amount of a customer's contract.

The presiding officer's report will be followed by a second report and recommendations from the FTC staff. After it is published, consumers and others will have an opportunity to comment on both reports. Looking at the record as a whole, FTC will then decide if regulations are necessary.

Single copies of the presiding officer's report may be obtained by writing to FTC's Public Reference Branch, Room 130, 6th and Pennsylvania Ave., NW, Washington, DC 20580.

Details—*Federal Register*: May 4, page 26127; May 24, 1977, page 26432; Aug. 18, 1975, page 34615. CONSUMER REGISTER: July 15, 1977 and Sept. 15, 1975. After the staff report is published, send comments to Secretary, Federal Trade Commission, Washington, DC 20580. For more information write or call Roger J. Fitzpatrick at above address; telephone 202-724-1054.

Credit scoring

June 20 is deadline for comment on how Regulation B's (Equal Credit Opportunity) anti-discrimination rules of the Board of Governors of the Federal Reserve System should be applied to creditors using credit scoring systems.

Credit scoring is using financial and other information about an applicant and giving numerical weight to answers to questions to build up a "score." The score is then used to help predict the likelihood that an applicant will repay credit. For example, some credit scoring systems may give fewer points if an applicant holds a second job, or has moved recently. Under some scoring systems, a new car is given fewer points than one which is one to three years old because a consistent payment record cannot be shown with a new car purchase.

The Board is considering credit scoring under Regulation B which was recently amended to cover credit arrangers such as real estate brokers, home builders and automobile dealers. (See CONSUMER NEWS: May 15.)

Regulation B sets out two types of anti-discrimination rules to be followed by all who regularly give credit. One rule is general: There should be no discrimination on the basis of sex, marital status, age, race, etc. The other type of rule is specific; for example, a creditor must not "discount," (give less than full weight to) an applicant's income from part-time employment; and what consideration creditors must give to income from pensions and alimony, under circumstances specified in the regulation.

Comments are requested on how Regulation B's rules should be used to avoid the effects of discrimination when the following scoring practices are used:

- Assigning a score to the number of jobs or sources of income an applicant has.
- Not assigning a score to the amount of an applicant's income from part-time employment, pension or alimony.
- Giving judgmental reasons as the basis for denying credit even if the reason has no relation to the scoring system.
- Turning down credit applicants by saying they failed to achieve a passing score without giving them specific reasons.

Before considering any extensive changes, the Board wishes to encourage a thorough public discussion that will address both the impact of possible changes and the need for any change at all.

Details—*Federal Register*: April 23, page 23865. Send comments to Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551. All comments should refer to docket number R-203. For more information write or call Dolores Smith, at the above address; telephone 202-452-2412.

Multi-piece tire rims

July 6 is comment deadline for Occupational Safety and Health Administration's (OSHA) proposal regulating servicing of multi-piece rim wheels.

These wheels, consisting of two or more detachable rim parts and tube-type tires 16 or more inches in diameter, are used on millions of trucks, trailers, buses, campers, and mobile homes.

The Insurance Institute for Highway Safety (IIHS) describes multi-piece tire rims as "potential land mines." According to *Consumer Newsweekly*, IIHS asked the government to ban the rims because of their explosive power and injury record. The Institute conducted tests which showed an explosive force capable of killing anyone in the vicinity. Their re-

search also showed an estimated 35 million multi-piece rims now in use.

Although accidents may occur at any time when handling multi-piece rims, the primary danger comes with tire inflation. If the rim's parts are not properly assembled when the tire is inflated, the force of the inflation can cause the rim parts to separate with explosive force. Such a separation may cause lock rings, rims or other fastenings to be hurled through the air, possibly hitting people nearby and causing death or serious injury. The accidents are most likely to happen when a tire that has just been mounted on a rim is being inflated or immediately after it has been inflated.

OSHA's proposal includes requirements for training all tire servicing employees, establishing safe practice procedures for servicing multi-piece rim wheels, mandatory use of restraining devices (such as inserting the wheel into a cage before inflating the tire) and setting-up criteria for interchangeability of rim components.

OSHA would like comment on the following issues as well as any others raised by this proposal:

- Is training an effective method of reducing accidents, and what training should be required?
- Should restraining devices (such as a cage) be required from the time a tire is inflated until it is placed on the wheel?
- Should a warning label for multi-piece rims be mandatory?
- When should a rim part be taken out of service? Damaged, bent, worn or corroded rim bases and rings are often claimed as the cause of wheel separations.
- Should specific guidelines be set so that mechanics can make objective decisions about a potential problem during an inspection?
- Should illustrated safety charts be posted in service areas? The **Transportation Dept.** has prepared wall charts with essential information for servicing and safe operating practices. (Single copies may be ordered free from General Services Division/Distribution, National Highway Traffic Safety Administration, 400 Seventh St., SW, Washington, DC 20590. There is a charge for bulk requests which must be ordered from the Government Printing Office, Washington, DC 20402.)

Details—Federal Register: April 24, page 24252. Send comments to Docket Officer, Docket No. S-005, Room S-6212, Labor Dept., Washington, DC 20210. There will be a public hearing starting at 9 am on June 19 in Room S-4215 A, B and C, Labor Dept., 200 Constitution Ave., NW, Washington, DC. Those wishing to speak must notify OSHA at the above address (or call 202-523-7894) by June 12. For more information write or call John Klocko, Room N-3506, Labor Dept., Washington, DC 20210; telephone 202-523-7213.

VA and FHA interest rates

To bring rates in line with competitive markets, the **Veterans Administration (VA)** and the **Housing and Urban Development Dept. (HUD)** increased their maximum interest rates to 10 percent on insured single-family home and condominium mortgage loans, effective April 23.

VA also increased its interest rate to 10 percent on loans used to purchase mobile home lots. Veterans who already own lots and need loans for site preparation will pay 10 percent on a VA loan over \$2,500. Site preparation costs under \$2,500 are

considered part of the mobile home costs and are covered under the same interest rate—12 percent—as VA loans used to buy the mobile home itself.

According to HUD, a seller must now pay approximately five to seven "discount points" for a homebuyer to get an FHA/VA mortgage. This added to the six percent sales commission and other related costs makes the sellers costs so high that many are reluctant to sell on an FHA/VA basis. Thus buyers who cannot qualify for a conventional mortgage find it difficult to get housing.

Details—Federal Register: April 26, pages 24547 and 24554. For more information write or call Chester Foster, Office of Financial Management, Housing and Urban Development Dept., 451 Seventh St., SW, Washington, DC 20410; telephone 202-755-5880, or George Moerman, Veterans Administration, 810 Vermont Ave., NW, Washington, DC 20420; telephone 202-389-3042.

Canes for blind air travelers

July 5 is deadline for comments on a **National Federation of the Blind (NFB)** petition to the **Federal Aviation Administration (FAA)** to change some sections of the air safety agency's carry-on baggage rules.

FAA is seeking comment on the NFB's petition to repeal existing regulations requiring that canes for the blind be turned over to flight attendants for safe stowage during plane takeoffs and landings. (FAA had denied the petition early last year but later agreed to restudy the matter; and now it would like to receive additional information before making a final ruling.)

In publishing the petition, FAA noted that a recent study showed that aircraft evacuations went more quickly when blind passengers relied on seat backs and other passengers instead of canes to guide themselves out of the plane. In addition, the study showed that canes could become dangerous flying missiles in an accident and might block aisles and exits, or puncture inflatable evacuation slides.

Specific questions posed by FAA include:

- Would canes be of any benefit in a narrow aisle scattered with debris and crowded with people?
- Can passengers carry telescopic or folding canes instead of rigid ones?
- Can canes be safely stowed within reach of blind passengers?
- If stowage of canes is only available at certain seats, are passengers who want to carry canes on board willing to sit only in those seats?
- Can blind passengers evacuate an aircraft in an emergency without using canes?

Copies of NFB's petition and the FAA report, "Considerations Relative to the Use of Canes by Blind Travelers in Air Carrier Aircraft Cabins," are available from the FAA Public Affairs Office, APA-300, 800 Independence Ave., SW, Washington, DC 20591.

Details—Federal Register: May 3, page 25869. Send comments to Federal Aviation Administration, Office of the Chief Counsel, attn: Rules Docket (AGC-24), Docket No. 17320, 800 Independence Ave., SW, Washington, DC 20591. For more information, write or call Edward P. Faberman at above address; telephone 202-426-3073.

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consumer comment

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